

BUSINESS & FINANCIAL OVERVIEW

Stocks May Open Higher On Upbeat Apple Earnings, Jobs Data - U.S. Commentary

After ending the previous session mixed, stocks are likely to move to the upside in early trading on Wednesday. The major index futures are currently pointing to a higher open for the markets, with the Dow futures up by 95 points. A positive reaction to earnings news from Apple (AAPL) is likely to contribute to initial strength on Wall Street, with the tech giant jumping by more than 5 percent in pre-market trading.

The pre-market advance by Apple comes after the company reported fiscal second quarter results that beat analyst estimates on both the top and bottom lines and provided upbeat guidance. Early buying interest may also be generated in reaction to a report from payroll processor ADP showing much stronger than expected private sector job growth in the month of April.

ADP said private sector employment surged up by 275,000 jobs in April after climbing by an upwardly revised 151,000 jobs in March. Economists had expected employment to increase by about 180,000 jobs compared to the addition of 129,000 jobs originally reported for the previous month.

On Friday, the Labor Department is scheduled to release its more closely watched monthly employment report, which includes both public and private sector jobs. Employment is expected to increase by 180,000 jobs in April following the addition of 196,000 jobs in March, while the unemployment rate is expected to hold at 3.8 percent.

Overall trading activity may be somewhat subdued, however, as traders look ahead to the Federal Reserve's monetary policy announcement this afternoon. While the Fed is widely expected to leave interest rates unchanged, traders are likely to keep a close eye on the accompanying statement and Fed Chairman Jerome Powell's subsequent press conference.

Shortly after the start of trading, the Institute for Supply Management is scheduled to release its report on manufacturing activity in the month of April. The ISM's purchasing managers index is expected to edge down to 55.0 in April from 55.3 in March, with a reading above 50 indicating growth in the manufacturing sector.

The Commerce Department is also due to release its report on construction spending in the month of March. Construction spending is expected to inch up by 0.1 percent.

After coming under pressure in morning trading, stocks turned mixed over the course of the trading session on Wednesday. The Dow and the S&P 500 bounced off their lows and into positive territory, while the tech-heavy Nasdaq remained stuck in the red.

While the Nasdaq fell 54.09 points or 0.7 percent to 8,107.77 after ending Tuesday's trading at a record closing high, the Dow rose 38.52 points or 0.2 percent to 26,592.91 and the S&P 500 crept up 2.80 points or 0.1 percent to a new record closing high of 2,945.83.

